

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of **San Jose Water Company** (U 168 W) for Authorization to Increase Rates Charged for Water Service by \$14,646,000 or 8.54% in the year 2007; \$5,196,000 or 2.78% in the year 2008; and \$6,246,000 or 3.26% in the year 2009.

A.06-02-014

PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES TO THE APPLICATION OF SAN JOSE WATER COMPANY FOR AUTHORITY TO INCREASE RATES CHARGED FOR WATER SERVICE

I. INTRODUCTION

Pursuant to Rules 6(a)(2) and 44.1 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules), the Division of Ratepayer Advocates (DRA) files this protest to Application (A.) 06-02-014 of San Jose Water Company (San Jose) for authority to increase its rates charged for water service. The application raises several areas of concern that merit further investigation by the Commission. Therefore, DRA recommends that the Commission schedule evidentiary hearings for this proceeding.

II. APPLICATION

In its application, San Jose requests an increase in revenues in the following amounts: (1) an increase of \$14,646,000 or 8.54% in 2007; (2) an increase of \$5,196,000 or 2.78% in 2008; and (3) an increase of \$6,246,000 or 3.26% in 2009.¹ San Jose

¹ Application at 9.

estimates that this proposal will produce a rate of return on equity of 11.20% in 2007, with a rate of return of 9.46% in the test year.²

San Jose also seeks the following:

- a) Total water production cost balancing account;
- b) Water quality memorandum account.

III. ISSUES

While DRA is still in the process of reviewing San Jose's application, it has identified several issues that it intends to review and address, as necessary, in evidentiary hearings. In addition to the potentially contentious issues identified by San Jose in its application, DRA is concerned with the usual issues reviewed by DRA in rate case proceedings.³ These issues include, but are not limited to, San Jose's excessive requested rate of return, its forecast of sales and operating revenue, estimated expenses including general office expenses, investment in utility plant and depreciation, proposed rate design, and customer service and service quality.

IV. CATEGORIZATION AND PROPOSED SCHEDULE

DRA agrees with San Jose's proposed categorization of this proceeding as ratesetting and that hearings may be necessary to resolve these and other issues raised in San Jose's application. Therefore, DRA requests that a prehearing conference be held to establish a schedule for this proceeding.

Additionally, DRA respectfully seeks an extension of time until June 20, 2006 to issue its testimony in this proceeding. The additional 28 days will enable DRA to complete its report despite its on-going staffing shortages as a result of the recent legislation that requires Class A water companies to file rate cases every three years. Staffing limitations have prevented DRA from adequately staffing this rate case to date.

² Application at 4-5.

³ Application at 5-6.

Some of the staff assigned to this proceeding have been working on the current Park, California-American Water Company and California Water Service Company rate cases and have not been able to devote the necessary time to these applications. While DRA is still attempting to obtain approval for additional positions, no additional personnel will be available in the near-term to help DRA staff this proceeding.

Below is a proposed schedule based upon DRA's request for an additional 28 days to issue its report. DRA has followed the rate case plan schedule contained in Commission Decision 04-06-018 for setting the dates after the issuance of DRA report.

DRA's Proposed Schedule

<u>DAY</u>	<u>DATE</u>	<u>ITEM</u>
0	February 15, 2006	Application Filed
8 to 75	February 23, 2006	PHC and PPH Period
30	March 18, 2006	Final Update of SJWC Showing
125	June 20, 2006	DRA Distributes its Reports
140	July 5, 2006	Utility Distributes Rebuttal Testimony
145	July 10, 2006	Formal Settlement Negotiations*
154	July 19, 2006	Hearings Begin
160	July 25, 2006	Hearings End
175	August 9, 2006	Initial Briefs Filed
181	August 15, 2006	Reply Briefs Filed
200	September 4, 2006	ALJ Memo to Staff
242	October 16, 2006	Water Division Provides Tables
252	October 26, 2006	Proposed Decision Filed
272	November 15, 2006	Comments on Proposed Decision
277	November 20, 2006	Replies to Comments
301	December 14, 2006	Commission Decision

* Adjusted not to fall on weekend or holiday

V. CONCLUSION

San Jose's Application requests a substantial rate increase. DRA will be conducting discovery to develop its testimony and recommendations. Hearings may be required and a schedule should be established at the prehearing conference that allows for a diligent review of the requested rate increases. Since DRA has not completed discovery or filed its report, and reserves the right to assert any issue discovered after this Protest has been filed. Additionally, DRA respectfully requests that the ALJ allow DRA until June 20, 2006 to issue its report in the above-captioned proceeding. Staff shortages necessitate that require DRA to request this additional time.

Respectfully submitted,

/s/ MARCELO POIRIER

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March 21, 2005

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document
**“PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES TO THE
APPLICATION OF SAN JOSE WATER COMPANY FOR AUTHORITY TO
INCREASE RATES CHARGED FOR WATER SERVICE”** in **A.06-02-014**.

A copy was served as follows:

☒ **BY E-MAIL:** I sent a true copy via e-mail to all known parties of record
who have provided e-mail addresses.

☐ **BY MAIL:** I sent a true copy via first-class mail to all known parties of
record.

Executed in San Francisco, California, on the **21st** day of **March, 2006**.

REBECCA ROJO

Rebecca Rojo